

Atari Corporation

**FIRST
QUARTER
REPORT**

1992

ATARI CORP.
Consolidated Ba-
(In thousands)

March 31, 1992 *March 31, 1991*

Assets

Current Assets

Cash and equivalents	\$ 60,048	\$ 35,179
Trade receivables (less allowance for re- turns and doubtful accounts: 1992: \$6,960 1991: \$7,952)	52,795	56,126
Inventories	67,054	106,064
Prepaid expenses and supplies	4,056	5,825
Other current tax assets	1,352	1,352
Total current assets	185,305	204,546
Property, net	11,309	12,811
Other Assets	5,596	4,402
Total	\$ 202,210	\$ 221,759

PORATION

Balance Sheets

(Is--Unaudited)

	<i>March 31, 1992</i>	<i>March 31, 1991</i>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Notes payable	--	\$ 21,322
Accounts payable	\$ 24,365	39,618
Income taxes payable	1,103	644
Accrued liabilities	<u>15,640</u>	<u>16,651</u>
Total current liabilities	41,108	78,235
Long-term Obligations	<u>50,200</u>	<u>46,186</u>
Shareholders' Equity:		
Common stock, \$.01 par value: authorized, 100,000,000 shares; (outstanding:		
1992: \$57,502,142	575	577
1991: \$57,743,042)	142,981	143,529
Additional paid-in capital	(199)	(614)
Notes receivable from sale of common stock	(29,283)	(43,041)
Accumulated deficit	(3,172)	(3,113)
Accumulated translation adjustments	<u>110,902</u>	<u>97,338</u>
Total shareholders' equity		
Total	<u>\$202,210</u>	<u>\$221,759</u>

ATARI CORPORATION
 Condensed Consolidated Statements
 of Operations
 (In Thousands, Except Per Share Data)
 (Unaudited)

	<i>March 31, 1992</i>	<i>March 31, 1991</i>
Net Sales	\$ 44,079	\$ 63,444
Income (loss) before income taxes	(13,857)*	(3,911)*
Provision (credit) for income taxes	<u>(9)</u>	<u>36</u>
Income (loss) before extraordinary item	(13,848)	(3,947)
Extraordinary item	-0-	1,960
Net income (loss)	<u>\$ (13,848)</u>	<u>\$ (1,987)</u>

**Earnings per Common and
Equivalent Share:**

Income (loss) before extraordinary item	<u>\$ (0.24)</u>	<u>\$ (0.07)</u>
Net income (loss)	<u>(0.24)</u>	<u>(0.03)</u>
Weighted average number of shares used in the com- putation	<u>57,585</u>	<u>57,747</u>

**Includes loss on exchange of \$12.1 million in 1992 and
\$4.0 million in 1991.*

President's Message

Net sales were \$44.1 million as compared to \$63.4 million for the same quarter in 1991. A significant portion of the company's business is derived from Europe and as a result is subject to fluctuations in exchange rates. In the quarter ended 1992, the Company experienced a loss in exchange of \$12.1 million as compared to a \$4 million loss in 1991. These losses in exchange, when added to operating losses and other income and expense items, resulted in a net loss of \$13.8 million for 1992 compared to a net loss of \$2 million in 1991.

The development of our new products is proceeding. During this difficult period, we are reducing costs, and we are balancing inventories to be in line with sales.

A handwritten signature in black ink, appearing to read "Sam Tramiel".

**Sam Tramiel,
President**

ATARI®

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